

0031

Canyon Fuel Company, LLC
Dugout Canyon Mine
P.O. Box 1029
Wellington, Utah 84542



Incoming
c/007/0039

May 21, 2007

Jerriann Ernstsens
Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Salt Lake City, UT 84116

RE: Nests and Mine Plan

Dear Jerriann,

Enclosed in the drawing we discussed in April which show the nest locations and the mine plan for the Dugout Mine. Should you require additional information or changes to this drawing please mark this copy with the changes and send it back to me or give me a call.

I have also attached the page from the permit concerning the photographic commitment for the stream channel. As you will note there is not a commitment to make a video of the channel.

If you have any questions or need additional information, please call me at (435) 636-2869.

Sincerely yours,

Vicky S. Miller

File in:
C/ 007/0039, 2007, Incoming
Refer to:
☒ Confidential
☐ Shelf
☐ Expandable
Date 5/21/07 For additional information

RECEIVED

MAY 25 2007

DIV. OF OIL, GAS & MINING

Equipment, structures and other devices used in conjunction with monitoring the quality and quantity of surface water in the permit and adjacent areas have been or will be installed, maintained, and operated in accordance with accepted procedures. Where feasible, this equipment will be removed or properly abandoned by SCM when no longer needed.

Monitoring and Mitigation Plan Pace Creek

Dugout Canyon Mine plans to leave a barrier under the majority of Pace Creek within the permit boundary. The stretches of Pace Creek (10/04 mine map) which are planned for undermining are above entry development, not longwall panels. There is approximately 1000 feet of stream channel having over 500 feet of cover planned for mining in 2007, 400 feet has approximately 900 feet of cover planned for mining in 2008 and approximately 100 feet has 1250 feet of cover planned for mining in 2008-2009. A surface water monitoring and mitigation program will be initiated in this area prior to potential subsidence occurring. This monitoring program will include conducting a pre-mining subsidence photographic survey of the stream channel from surface water monitoring location PC1A to where Pace Creek leaves the SW 1/4 SW 14 Section 20, T13S, R13E and a single reference site below the Pace Canyon fan site. The purpose of the photographs will be to provide a visual record of the stream channel prior to mining disturbance. Five reference sites will be identified within the photographed portion of Pace Creek where the monitoring of surface ground water flows, channel width and general geomorphology will occur. These reference sites will be established during low flow in the creek and monitored as outlined by the USDA Forest Service (Stream Channel Reference Sites: An Illustrated Guide to Field Technique. General Technical Report RM-245, Harrelson et. Al., 1994). The photographing of Pace Creek and the selection of monitoring sites will be done no later than the Spring of 2006 and submitted as part of the 2006 annual report.